GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:285
ANSWERED ON:16.07.2002
SUBSIDY TO THE FERTILIZER COMPANIES
GANTA SRINIVASA RAO;GUNIPATI RAMAIAH

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the details of the subsidy extended to the fertilizer companies in the country in general and particularly in Andhra Pradesh during the last three years;

(b) Whether the production of fertilizers has improved during the same period;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI TAPAN SIKDAR)

(a) Urea being the only fertilizer under statutory price, distribution and movement control, is covered under Retention Price Scheme and is eligible for payment of subsidy. Details of subsidy given to urea companies in the country during the last three years are given in the table below: -

Rs in crore

S. No.	Period	Amount of subsidy paid to urea companies in the country
1	1999-2000	8670.00
2.	2000-01	9480.00
3.	2001-02	8257.00

Details of subsidy paid to urea companies in Andhra Pradesh during the last three years are given in table below: -

Rs. in crore

S.No.	Period	Amount of subsidy paid to urea companies in Andhra Pradesh
1	1999-2000	744.61
2.	2000-01	499.11
3.	2001-02	420.28

(b) to (d): Production of fertilizers in the country during last three years is given below:

Product Name	Production (Qty. in `000' MT)		
	1999-2000	2000-2001	2001-2002
Urea	19829.8	19650.9	19172.7
DAP	3863.0	4888.9	5094.1
Complexes	5001.3	4744.1	4908.9
SSP	3205.5	2762.3	2624.7
A/C	602.6	597.8	554.9
CAN	318.3	245.4	180.7
A/C	87.6	102.3	80.2
TOTAL (ALL):	32908.1	32991.7	32616.1
Nitrogen Target	11066.9	11213.6	11658.4
Actual	10890.0	10961.0	10768.3
Phosphate Target	3344.5	3993.3	4930.1
Actual	3398.5	3743.2	3860.2

All India production of fertilizer during 1999-2000, 2000-2001 and 2001-2002 was less than the target due to the following major reasons:

1999-2000:

i) Restricted gas supply to Trombay & Thal units of RCF.
ii) Equipment problems in KRIBHCO-Hazira, SPIC-Tuticorin, NFCL-Kakinada, OCF-Shahjahanpur plants; and
iii) Extended shutdown of NLC-Neyveli.

2000 - 2001:

i) Poor quality and inadequate supply of natural gas to most of the gas-based fertilizer plants.
ii) Equipment breakdowns in FCI, HFC, NLC & MFL plants.
iii) Shortage of raw materials faced by PPL, Paradeep and HLL, Haldia plants engaged in the manufacture of phosphatic fertilizers.
iv) Delay in stabilization of DAP plants of OCF, Paradeep and Indo-gulf Dahej due to teething problems.
v) Low production of complex grade fertilizers on account of financial constraints/ shortage of raw materials; and
vi) Production loss of 45,000 MT of Nitrogen and 1,15,000 of Phosphate during January to March, 2001 at Kandla Plant of IFFCO due to earth quake in Gujarat.

2001-2002:

i) Inadequate and poor quality of natural gas supply to all gas-based fertilizer plants.
ii) Equipment breakdowns in urea plant of FACT, Cochin-I, IFFCO, Aonla-I and SPIC, Tuticorin.
iii) Non-stabilization of production of DAP/complex fertilizer plant of IFFCO at Kandla during April-May, 2001 as a fall out of Gujarat earthquake.
iv) Labour strike and shortage of phosphoric acid in PPL, Paradeep.
v) Shortage of raw-materials and marketing constraints of DAP fertilizers.
vi) Delay in commissioning of GSFC, Sikka-II DAP unit.